FOR IMMEDIATE RELEASE
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GOVERNMENT CONTRACTOR WILL PAY U.S. $400,000 TO SETTLE ALLEGATIONS IT FAILED TO INFORM GOVERNMENT ON CONTRACTS

WASHINGTON, D.C. -- One of the largest dealers in computers and related equipment purchased by federal agencies will pay the United States $400,000 to settle allegations it overcharged the agencies because it didn't pass on to the government rebates it received from manufacturers of the equipment, the Department of Justice announced today.

Assistant Attorney General Frank Hunger of the Civil Division said the civil settlement resolves charges brought against Government Technology Services Inc. (GTSI) of Chantilly, Virginia, by a former employee of Novell Inc., Mary Slutman. The complaint was filed under the qui tam provisions of the civil False Claims Act in U.S. District Court in Alexandria, Virginia, in 1992. The court unsealed the agreement Wednesday.

The complaint alleged that GTSI failed to inform government negotiators fully that GTSI received rebates from the manufacturers of products offered by GTSI for sale to the government. GTSI was required by the contract solicitations and federal law to provide accurate information to GSA contract negotiators.

The Department said that between 1988 and 1995, GTSI won several one-year contracts with the General Services Administration for automated data processing equipment and software. The contracts set the prices, terms and conditions under which federal agencies could purchase products from GTSI.

As a dealer, GTSI sold products manufactured by a number of well-known computer and software manufacturers. The prices paid to GTSI by agencies were based on GTSI's cost from the manufacturers, plus a negotiated markup. GTSI failed to inform GSA that some manufacturers provided GTSI with rebates on the purchase price and GTSI did not reduce the GSA price to reflect GTSI's lower cost as a result of the rebates.

Under the settlement, Slutman will receive $68,000 for bringing the matter to the attention of the government. Under the qui tam amendments of the False Claims Act, a private party
can file an action on behalf of the United States and receive a portion of the recovery.

The case was investigated by the Office of Inspector General of the GSA and the Civil Division. The Civil Division negotiated the settlement.

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